



**2024 REPORT ON COMPLIANCE WITH CANADA'S
FIGHTING AGAINST FORCED LABOUR AND CHILD
LABOUR IN SUPPLY CHAINS ACT ("REPORT")**

MARCH 31, 2025



CANOPY GROWTH
UNLEASHING THE POWER OF CANNABIS

1. Introduction

On January 1, 2024, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”), officially came into force. The *Act* is focused on identifying and addressing risk of Child Labour¹ and Forced Labour² practices in the supply chains of Canadian businesses.

This Report was prepared in accordance with the guidance provided by:

1. [OECD Due Diligence Guidance for Responsible Business Conduct - OECD](#)
2. The Public Safety Canada guidance document³

We have determined that Canopy Growth Corporation (“**CGC**”) and its subsidiary Tweed Inc. (“**Tweed**”) are both reporting entities under the *Act*. CGC is a public company and reporting issuer listed on the Toronto Stock Exchange and the Nasdaq Global Select. Tweed is a licensee under Canada’s *Cannabis Act*, SC 2018, c 16 (the “**Cannabis Act**”) and the operating subsidiary primarily engaged in the cultivation, manufacturing, distribution, and sale of cannabis in Canada. As a wholly owned subsidiary of CGC, all corporate policies adopted by CGC are cascaded down to and operative at Tweed. This Report is a joint report of CGC and Tweed, which are jointly referred to herein as “**Canopy**”, “**we**”, “**us**”, or “**our**”.

This Report sets out the steps taken to prevent and reduce the risk that Forced Labour and/or Child Labour are employed during the production, distribution, or sale of goods in or for Canada and covers the most recent financial year of Canopy, being April 1, 2024 to March 31, 2025 (the “**Reporting Period**”).

Our vision is to unleash the power of cannabis to improve lives. As one of the first publicly traded, federally regulated and licensed cannabis producers in North America, we embrace the opportunity and responsibility to lead the cannabis industry forward with integrity and intention. Our vision comes to life by harnessing the power of the plant, building a leading North American cannabis company, and fostering a purpose-driven atmosphere for our employees. Our approach is grounded in our responsibility to operate with integrity, intention, and values, and as such we place the highest importance on respecting human rights while conducting our business activities everywhere we operate in accordance with the spirit and principles of the *Act*.

¹ "Child Labour" means labour or services provided or offered to be provided by persons under the age of 18 years and that (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of Child Labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

² "Forced Labour" means labour or service provided or offered to be provided by a person under circumstances that (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

³ [Prepare a report – Entities \(publicsafety.gc.ca\)](#)

2. Structure, Activities and Supply Chains

2.1 Structure and Activities

Canopy currently employs 960 individuals, the majority of whom are located in Canada and work within Tweed. Tweed cultivates and manufactures, produces, distributes, and sells a diverse range of cannabis products. The cannabis that Canopy cultivates for its cannabis products is primarily grown within two facilities in Canada, namely Kincardine, Ontario and West Kelowna, British Columbia. In addition, Tweed conducts manufacturing operations out of its facility in Smiths Falls, Ontario. Tweed's cannabis products are principally sold for adult-use and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*. Our mainstream and premium branded product portfolio includes multiple cannabis formats, such as high-quality dried flower, oils, softgel capsules, infused beverages, edibles and topical formats, as well as vapes and vaporizer devices, in addition to cannabis accessories and hemp-derived CBD designed to meet the needs of consumers worldwide.

Products are distributed either directly by Tweed and its affiliates or through agreements with established distributors. Tweed supplies adult-use cannabis products to cannabis control authorities in all of the provinces in Canada (other than Saskatchewan), where each such cannabis control authority is the sole wholesale distributor and in certain provinces, the sole retailer, of cannabis products in the relevant province. Tweed also exports dried flower and oil products internationally to jurisdictions in which cannabis is legalized for medical and/or adult recreational use, including primarily Germany, Poland and Australia.

2.2 Supply Chain

Canopy's supply chain consists of direct and indirect: (i) suppliers that provide cannabis inputs, product ingredients, cannabis products, packaging materials, and other raw materials and components; (ii) service providers that source the foregoing, and that cultivate, manufacture, produce, process, package, and transport cannabis and cannabis products on our behalf; and (iii) suppliers of goods and services, such as production machinery and componentry parts (including cannabis accessories like vaporizer devices). All cannabis inputs are sourced from Canada. The raw materials, components, items and systems required to manufacture our products are procured from suppliers around the world and vary from product to product. On a global level, the majority of Canopy's direct suppliers of goods and services are located in North America and Europe. Specifically with respect to the products we sell within Canada, the majority of our direct suppliers of goods and services are located within Canada.

3. Steps to prevent and reduce risks of Forced Labour and/or Child Labour

During the Reporting Period, Canopy took the following steps to prevent and reduce the risk of Forced Labour and/or Child Labour in our business and supply chains:

- ❖ **Mapped activities and supply chains and conducted a preliminary internal assessment of the risks of Forced Labour and/or Child Labour in our supply chains to enhance third-party due diligence activities.** Canopy used a risk-based approach to identify which elements of our business and supply chains may involve modern slavery risks considering each of our suppliers' jurisdiction, manufacturing location, quantity and use of raw materials, the type of service or product supplied and any risk mitigation measures in place. We applied materiality measured by overall spend and/or core revenue operations to prioritize the order of risk assessment.
- ❖ **Gathered information on worker recruitment and maintained internal controls to ensure that all workers are recruited voluntarily.** We reviewed our human resources policies and employment practices to confirm that our hiring practices complied with applicable employment legislation.
- ❖ **Engaged with supply chain partners on the issue of addressing Forced Labour and/or Child Labour.** Canopy conducts a review of its suppliers annually for the purpose of preparing this Report and prior to on-boarding a new supplier. Where risk of Forced Labour and/or Child Labour was identified during our review and assessment, we engaged directly with the supplier and required the supplier to provide evidence to confirm that it has policies and procedures in place to identify and prevent Forced Labour and/or Child Labour in its operations and supply chains.
- ❖ **Developed and implemented contractual covenants on third parties.** We incorporated covenants into our commercial agreements requiring third parties engaged in business with Canopy to comply with the *Act* and requiring such third parties to represent and warrant that they do not engage in either Forced Labour and/or Child Labour in their own operations or throughout their supply chains. The expectation is that CGC or Tweed will each have a commercial remedy to rely upon in order to rectify any instances of Forced Labour and/or Child Labour within its supply chain.
- ❖ **Developed and implemented training and awareness materials on Forced Labour and/or Child Labour.** All of Canopy's employees receive regular mandatory tailored training on ethical topics, including Forced Labour and/or Child Labour. During the Reporting Period, we have additionally developed and provided targeted training and checklists for direct and indirect procurement employees on how to identify, report and mitigate Forced Labour and/or Child Labour risks. These tools include a pre-engagement screening of suppliers in order to assess and identify risks before a buying decision is made and direct paper-based audit and due diligence, if the supplier is from a high-risk region.
- ❖ **Monitored and audited supplier compliance through our Quality Management System.** Under the *Cannabis Act*, we operate under a strict Quality Management System ("QMS") which requires that we conduct regular onsite or paper-based audits of our suppliers and service providers. This provides an opportunity to observe, firsthand, whether there exists any evidence of Forced Labour and/or Child Labour practices.

4. Assessing and identifying our risk for this Report

Our processes to determine the risk of Forced Labour and/or Child Labour in drafting this Report consisted of: (i) a supplier classification and audit; and (ii) review of our hiring and employment practices.

4.1 Supplier Classification and Audit

Canopy uses a risk-based approach to assess and manage its risk of Forced Labour and/or Child Labour in our supply chain. Our methodology to identify risks is notably based on 1) the score on the country corruption perception index based on where the supplier is headquartered or its manufacturing sites are located and the products/services they supply to Canopy according to the then-current Global Slavery Index⁴; 2) whether the products/services come from or are located or are delivered to one of the countries mentioned above; 3) whether Canopy is supplied with certain indirect goods and services, including products on the then current TVPRA List of Goods Produced By Child Labour and/or Forced Labour⁵; 4) whether the products offered by the supplier to Canopy include raw materials, including conflict minerals; and 5) risk mitigation measures in place. We use materiality measured by overall spend and/or core revenue operations to prioritize our ongoing efforts of additional due diligence.

4.1.2 Forced Labour and/or Child Labour risks in our activities and supply chains related to direct suppliers

Applying the above method, Canopy has assessed the risks of Forced Labour and/or Child Labour for its direct suppliers. The majority of Tweed's direct suppliers of goods and services are located in North America and Europe which have a low prevalence of modern slavery according to the Global Slavery Index⁶. These relationships are governed by long-term contracts which include covenants of compliance with all applicable laws, including employment laws and human rights legislation.

That being said, during its assessment and direct supplier review, Tweed identified a risk of Forced Labour and/or Child Labour in its supply chain related to the manufacture of vaping products by one direct supplier, located in Shenzhen, China. According to the Global Slavery Index, China has a high vulnerability to modern slavery and the government's response is considered only moderately effective⁷. The nature of this risk includes an identified risk of human trafficking within the broader electronics manufacturing sector in Shenzhen and a vulnerability to risk due to the complex supply chains involved in vape production⁸. In order to address this identified risk, Tweed engaged directly with this supplier to obtain evidence to confirm that the supplier has policies and procedures in place to identify and prevent Forced Labour and/or Child Labour in its operations and supply chains. Tweed further reviewed the Environmental, Social, and Governance ("ESG") report of the supplier's publicly traded (HKEX) parent company and its subsidiaries which confirmed that its policies firmly prohibit the use of Child and/or Forced Labour ; that it has certain measures in place to reduce the risk of Forced Labour and/or Child Labour including a requirement of proof of age for all employees and strict management of employment agreements to ensure those are signed by employees on equal, voluntary and consensual basis; and that there have been no instances of Forced Labour and/or Child Labour in its operations during the applicable reporting period. The commercial agreement in place with the supplier includes explicit covenants and confirmation that the Supplier does not engage in either Forced

⁴ [Global-Slavery-Index-2023.pdf \(walkfree.org\)](#)

⁵ [TVPRA; 2024 List of Goods Produced by Child Labor or Forced Labor](#)

⁶ [Global Slavery Index](#)

⁷ [Modern slavery in China | Walk Free](#)

⁸ [Modern slavery in China | Walk Free](#)

Labour and/or Child Labour in their own operations or throughout their supply chains. The expectation is that Tweed will have a commercial sanction to rely upon in order to rectify any identified violations of the Act by the supplier should they arise or be subsequently identified. As a result, although there are risk indicators with respect to the region of the supplier's operations, the industry sector it operates in and the product its supplies to Tweed, we assess the risk of Forced Labour and/or Child Labour for this particular supplier as sufficiently mitigated and low at this time.

A significant portion of Tweed's business is focused on agricultural activities within Canada, specifically the cultivation and harvest of cannabis. All of Canopy's suppliers engaged in these activities are located in Canada which is ranked as having a low prevalence of modern slavery by the Global Slavery Index⁹. The use of migrant workers in the agricultural sector has been identified as a potential risk area with respect to the use of Forced Labour and/or Child Labour. Tweed's activities are governed by strict quality control requirements and processes pursuant to the *Cannabis Act*. In compliance with these obligations, Tweed conducts regular supplier compliance audits and physical site visits which provide an opportunity to observe firsthand whether there exists any evidence of Forced Labour and/or Child Labour practices. We audit compliance with QMS requirements on a regular basis as part of our standard operating procedures. Tweed believes that the above measures serve to mitigate the risk of there being instances of Forced Labour and/or Child Labour in our cannabis cultivation supply chains.

As a result, we assess the risk of Forced Labour and/or Child Labour for our direct suppliers in all parts of our supply chain as low at this time.

4.1.2 Forced Labour and/or Child Labour risks in our activities and supply chains related to downstream suppliers in mining and quarrying sectors and industries

With respect to our secondary and tertiary vendors, particularly those who supply components to our vaping devices, these suppliers are within the scope of our annual audit and reporting conducted in accordance with Rule 13p-1 (the "**Rule**") promulgated under the *Securities Exchange Act of 1934*, as amended. The Rule requires companies to publicly disclose certain information relating to their use of cassiterite, columbite-tantalite (coltan), gold, wolframite and their derivatives, which are limited to tin, tantalum and tungsten ("**Conflict Minerals**") that originated in the Democratic Republic of the Congo or an adjoining country (collectively, the "**Covered Countries**" and each a "**Covered Country**") that may be contributing to human rights abuses if those minerals are necessary to the functionality or production of a product manufactured, or contracted to be manufactured, by those companies. The Rule requires companies to audit and report whether Conflict Minerals that originated in a Covered Country exist in their supply chains. Canopy reviews supplier compliance with the Rule on an annual basis to mitigate relevant risks, including Forced Labor and Child Labour risks arising from conflict mineral extraction, and reports on them annually in accordance with our obligations as a U.S. reporting issuer. Canopy's conflict mineral report can be found at: [Conflict Minerals Report - Canopy Growth](#)

⁹ [Global-Slavery-Index-2023.pdf](#)

4.2 Internal Human Resources Practices

Canopy has gathered information on worker recruitment and has maintained internal controls to ensure that all workers are recruited voluntarily. Canopy currently employs 960 individuals, the majority of whom are located in Canada and work within Tweed. A significant portion of Tweed's business is focused on agricultural activities within Canada. To our knowledge, we do not currently employ migrant workers, a workforce segment which has been identified as a potential risk factor of modern slavery in the agricultural sector. Our global workforce primarily consists of skilled, qualified, and experienced individuals. The majority of Canopy's global operations and workforce are located in Canada, the USA and Germany which are ranked as having a low prevalence of modern slavery by the Global Slavery Index¹⁰.

In consideration of our current employee profiles and the low prevalence of modern slavery risks in the countries we operate in, together with Canopy's corporate values, policies, governance and due diligence measures in place, we consider the overall risk that our operations may utilize or contribute to Forced Labor and/or Child Labour to be low.

5. Governance and Policies

We place the highest importance on respecting human rights while conducting our business activities everywhere we operate and consider this to be a fundamental corporate responsibility and a value governing all our activities. Canopy's commitment to upholding human rights is enshrined in our policies, governance, and due diligence processes as further described in this section.

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, employees and shareholders. The Corporate Governance, Compensation and Nomination Committee oversees the management of human capital, culture and conduct at Canopy, including breaches of our Business Code of Conduct and Ethics. Our Business Code of Conduct and Ethics includes the express expectation that each employee be vigilant in identifying and reporting any instance of Forced Labor and/or Child Labour identified in their daily interactions. Reports and grievances relating to violation of our Code of Business Conduct and Ethics, including, without limitation, concerns related to Forced Labour and/or Child Labour can be made directly to the Chief Executive Officer of CGC, to the Chairman of the Board, or anonymously in accordance with CGC's WhistleBlower Protection Policy, by employees and suppliers.

Our Corporate Governance Guidelines are available at: [CGCN Committee Charter](#)

Our Code of Business Conduct and Ethics can be found here: [Code of Business Conduct and Ethics - Canopy Growth](#)

Our WhistleBlower Protection Policy can be found here: [WhistleBlower Protection Policy - Canopy Growth](#)

¹⁰ [Global-Slavery-Index-2023.pdf](#)

6. Remediation Measures

During the Reporting Period, we did not identify any incidents of Forced Labour and/or Child Labour in our activities or supply chains. We therefore did not need to take any measures to remediate an incident of Forced Labour and/or Child Labour. If we do identify incidents of Forced Labour and/or Child Labour within our activities or supply chains, we will consider the appropriate remediation strategies in view of international standards.

7. Training

Canopy's employees receive regular tailored training on ethical topics and our policies. All new employees are assigned a mandatory onboarding training package which includes training on our Code of Business Conduct and Ethics and the WhistleBlower Protection Policy (the "**Policies**"). On an annual basis, all employees are required to certify their abidance by the Policies. During this Reporting Period we have developed and provided specific training with respect to the identification, reporting and mitigation of Forced Labour and/or Child Labour risks in our operations or supply chain to targeted audiences within Canopy.

8. Assessing Effectiveness

In furtherance of our ongoing efforts and previously implemented measures specifically aimed at reducing the risk that Forced Labour and/or Child Labour will be used in our activities and our supply chains as outlined in our previous Report, Canopy has introduced certain additional measures during this Reporting Period with the intent to enhance our effectiveness at identifying and reducing the risk that Forced Labour and/or Child Labour. These measures include training for all employees and further checklists and training for employees responsible for direct and indirect procurement. These tools include a pre-engagement screening of suppliers in order to assess and identify risks before a buying decision is made and direct paper-based audit and due diligence, if the supplier is from a high-risk region. In the event violations of the Act were to be identified or indicia of a violation were to be flagged by an employee, Canopy would conduct an on-site audit of the impugned supplier.

We measure effectiveness in ensuring that Forced Labour and/or Child Labour are not being used in our activities and supply chains through setting up regular reviews or audits of our suppliers and our organization's quality control systems, policies, contracts, procedures related to Forced Labour and/or Child Labour, and tracking cases reported and resolved through the WhistleBlower Protection Policy grievance mechanism. We believe that the measures in place are effective as we have not received any reports of, or grievances in relation to Forced Labour and/or Child Labour during the Reporting Period.

We are committed to respecting and promoting human rights in all facets of our business, and we will continue to identify, address, and attempt to mitigate risks of Forced Labor and Child Labor in all our activities.

9. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the *Act* by the Board of Directors of each of CGC and Tweed.

In accordance with the requirements of the *Act*, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the *Act*, for the reporting year listed above.

I have the authority to bind CGC and Tweed.

Per:  _____

Full Name: Luc Mongeau

Title: CEO

Date: 31 March 2025

